

 **BUILDING BLOCKS STUDENT WORKSHEET**

Calculating the numbers in your paycheck

Knowing how to read the pay stub from your paycheck can help you manage your money. The taxes and deductions on your pay stub may not always be easy to understand.

It's helpful to explore those items and understand how to calculate the difference between your gross income and your take-home pay.

Instructions

1. Review the "How to read a pay stub" handout.
2. Answer the questions below and complete the calculations.

Questions

1. Which tax provides for federal health insurance?

- A. State income tax
- B. Federal income tax
- C. Social Security tax
- D. Medicare tax

2. Which tax provides retirement benefits?

- A. State income tax
- B. Federal income tax
- C. Social Security tax
- D. Medicare tax

3. What's true about net income? (Select one.)
- A. It's more than gross income.
 - B. It's also known as take-home pay.
 - C. It's gross income minus Social Security and Medicare taxes.
 - D. It's calculated based on how much the employee wants to pay in Social Security taxes.
4. What's the pay period for this paycheck?
5. What's the gross income for this pay period?
6. What are the total payroll taxes (Social Security plus Medicare)?
7. How much was deducted in income taxes (federal plus state tax)?
8. What's the net income for this pay period?
9. Describe the difference between gross income and net income and how understanding this difference helps you better manage your money.